

12470  
731000D/044  
14 Jun 99

## MEMORANDUM

From: Head, Human Resources Department (Code 730000D)

Subj: ANNUAL PERFORMANCE EVALUATION APPRAISAL AND RATING FOR  
DEMONSTRATION PROJECT EMPLOYEES FOR PERFORMANCE YEAR ENDING  
31 JULY 1999

Ref: (a) AdPub 017, Rev. 1, of Jun 94, Demonstration Project Performance System Handbook  
(b) NAWCWPNSINST 5305.1A  
(c) NAVWPNCENINST 12430.2B  
(d) 5 CFR 432

Encl: (1) Ratings, Increments, and Monetary Rewards  
(2) Awards, Bonuses, and Midpoint Requirements  
(3) Performance Reconsideration and Appeals

1. Purpose. To establish procedures to be followed under the Demonstration Project (Demo) performance system for assessments and ratings of all Demo employees for the performance year ending 31 July 1999. This memorandum also serves as a reminder to employees and supervisors of the Demo Project performance system requirements for assessments and ratings of all Demo employees beginning 1 August 1999, and provides a summary of the performance appraisal system.

2. Scope. This information applies to all Naval Air Warfare Center Weapons Division (NAWCWD) employees who are participants in the Navy Demo performance evaluation system.

3. Background. The performance appraisal period is from 1 August of one year through 31 July of the next year. To ensure the timely processing of all Demo performance payouts, changes in the processing cycle make it necessary to modify the completion date for all appraisals and ratings. Also, in preparation for the pay adjustment due in January 2000, modification of due dates have also been established for the completion of requests for reconsideration of individual ratings and any subsequent payout actions. This modified process, similar to the process used last year, proved to be a significant improvement in the overall processing of Demo payouts. Current procedures now require that all appraisals and ratings be completed by 16 August 1999. Where necessary, changes to references (a) through (c) will be incorporated for providing policy and procedural date changes regarding Demo appraisals, ratings, reconsideration of ratings, and awards.

#### 4. Procedures

a. Assessment Process. An employee's first line supervisor is responsible for formulating the basic assessment of performance as it relates to the performance plan. The supervisor and the employee should meet for a final review of the employee's overall performance for the past performance year. This performance assessment conference between the employee and the supervisor is a key element of the appraisal process.

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After meeting with the employee, the supervisor will evaluate the employee's performance and decide whether the employee met, exceeded, or did not meet the expected results for each of the responsibilities listed on the performance plan. Supervisors note this decision on the front of NAWCWPNS 12430/2 (5-93), Performance Assessment/Appraisal. Notations and supporting facts are summarized in the "Narrative Summary" on the back of the form and an overall assessment is given as "Highly Successful," "Fully Successful," or "Less than Fully Successful." This assessment constitutes the supervisor's determination of how well the employee performed in comparison to the annual performance plan.

b. Payout Process

(1) Departments will receive a listing during the week of 12 July 1999 based on the 30 June 1999 database. The list will include the Demo employees who are eligible for a rating, Demo employees who are ineligible for a rating and the reason for their ineligibility, and the Demo salaries for each of those eligible employees. The Departments need to track movement of employees from 30 June 1999 to 31 July 1999 and any changes must be incorporated into the Demo eligible/ineligible rating listings with the appropriate changes made to the Demo salaries. A listing of Special Act and Service Awards given by the departments during the previous performance year, charged against the 0.8 percent bonus (b) pay pool, will also be provided. Departments will be responsible for tracking the payments of Special Act or Service Awards from 30 June 1999 through 31 July 1999 and will make the appropriate changes to their bonus (b) pay pools.

(2) The increment and bonus pay pools are mathematical representations of limits that department managers must observe for increments (i's) and bonuses (b's). The limits of these pools are calculated as percentages of the Demo salaries of the employees in the department who are eligible to receive performance ratings.

(a) The value of the increment (i) pay pool is 2.4 percent of the sum of the salaries of those Demo employees who are eligible for a Demo rating. Increments are tied to specific ratings and may be given only to employees who are eligible for a Demo rating.

(b) The value of the bonus (b) pay pool is 0.8 percent of the sum of the salaries of those Demo employees who are eligible for a Demo rating. In addition to the bonuses (b's) which will result from this year's performance process, Special Act or Service Awards given to the department's Demo employees during the previous performance year will be charged against the 0.8 percent bonus (b) pay pool.

c. Rating Process. The rating process for a Demo employee constitutes the pay setting determination made by the competency/department (within the various pay constraints established by Congress and higher levels of management) to pay the employee for his or her continuing performance. The rating process attempts to ensure that ratings are equitable among employees and that an employee's compensation is indicative of the employee's relative value to the competency and department. Enclosure (1) is a summary of the relationships between Demo assessments, ratings, and performance payout and increments (i's). Enclosure (2) provides information on awards and bonuses (b's) and the midpoint review requirements. No ratings are given to employees who lack sufficient work time as described in reference (c). Additionally, no rating is given to Demo employees whose supervisors have determined that the employee's performance falls below the lowest acceptable level of performance described in the Demo and adverse action processes are being initiated in accordance with reference (d).

(1) Highly Successful assessments are forwarded to the appropriate competency or department Performance Review Board (PRB) according to internal PRB guidelines. The PRB assigns an appropriate rating and determines an amount of monetary reward. (Note: Regulatory procedures require the PRB to rate Highly Successful assessments; however, this does not preclude the PRB from reviewing all of the competency's assessments, including those at the Fully Successful level.)

(2) Fully Successful assessments are given an official rating of "3" by the supervisor after the reviewer signs and returns NAWCWPNS 12430/2 (5-93), Performance Assessment/ Appraisal.

(3) Less Than Fully Successful assessments are addressed by an ad hoc problem solving team. The team decides on appropriate corrective action and assigns a rating.

(4) Competencies must establish procedures to ensure performance ratings and position certifications are submitted electronically to the Computer Support Group, Code 73D000D, Judy Dutcher (dutcherjg@navair.navy.mil) by 16 August 1999. The Computer Support Group will establish PRB data files for the departments to submit ratings and payouts assigned for their Demo employees.

(5) Competencies/departments must submit certification that the above electronically transferred information is accurate and in compliance with statutory and regulatory requirements to Betty M. Miller, Code 731000D (millerbm@navair.navy.mil) by 16 August 1999.

(6) After the PRB meets and final ratings are determined, but no later than 27 August 1999, supervisors will provide to each of their employees a completed performance assessment form indicating the employee's final performance rating. Employees who are not aware of their ratings as of this date should ask their second level supervisor for assistance in obtaining the completed assessment form. If this effort fails, contact your PMA for assistance in obtaining copies.

(7) On 30 August 1999, HRD will distribute official written notification of performance ratings and payouts assigned for all Demo employees. Supervisors are responsible for delivering notices to employees. The notification of rating will include deadline dates for submission of requests for rating and payout reconsiderations.

d. Performance Reconsideration. The process used for performance reconsideration and appeals as described in reference (a) has been modified. The change in the process was brought about by the transfer of the payout functions to the Southwest Region but, more importantly, it was determined that the current procedures in place, in particular, the selection and appointment of recommending officials, was causing major delays in rendering timely decisions. To reduce the amount of time involved in the appointment of recommending officials, a new procedure has been developed. Enclosure (3) outlines the procedures that will be followed for processing all requests for reconsideration.

(1) Reconsideration of Performance Rating

(a) Employees have the right to request reconsideration of their performance ratings. The reconsideration of rating procedures for Demo employees are described in enclosure (3).

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(b) The final day for filing a performance rating reconsideration request is 15 September 1999. Requests for reconsideration of ratings received after this date will be returned to the employee as untimely.

(c) Third level supervisors, in their review of requests for rating reconsideration, are encouraged to grant requests, which appear in their opinion to be compelling.

(2) Reconsideration of Performance Payout

(a) An employee who has received a "1" rating with a "C + 3i" payout or a "3" rating with a "C" only payout can request reconsideration of their performance payout. Demo payout reconsideration procedures differ from the Demo reconsideration of performance rating procedures. Detailed procedures for requesting reconsideration of a performance payout by a Demo employee are described in enclosure (3).

(b) The final day for filing a performance payout reconsideration request is 15 September 1999. Requests for reconsideration of payout received after this date will be returned to the employee as untimely.

e. Payout

(1) The monetary guideline for merit payout of increments to Demo employees is 2.4 percent of the Demo eligible employees' payroll. An additional monetary guideline for Special Act Awards and bonuses given to Demo employees is set at 0.8 percent. Flexibility exists to increase the 0.8 percent (if less than 2.4 percent was awarded as increments) as long as the total guideline of 3.2 percent is closely followed.

(2) Payout is effective the beginning of the first complete pay period in October (10 October 1999). The payout will appear in paychecks issued on 29 October 1999 for individuals who did not submit a Demo payout or rating reconsideration request.

(3) Payouts for those individuals who file reconsideration requests will not be processed until a final decision is issued due to the difficulty in making corrections. This means individuals will not receive pay increases or bonuses in October 1999 but will receive awarded payout when the reconsideration is complete. Final decisions are expected by 8 November 1999 and the payout awarded will be retroactive to 10 October 1999.

5. Employee Performance File (EPF). Per CFR 293, performance records are retained for a period of 3 years plus the current year. The performance monitoring sessions and the final rating received by the employee as well as the performance rating sheets are the official performance file. The performance plans and assessment sheets are retained in the EPF that the supervisor retains for each employee. The Labor/Employee Relations Team, Code 731000D/E, retains performance rating records.

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6. Forms. NAWCWPNS 12430/2 (5-93), Performance Assessment/Appraisal, is available electronically on the HRD website at <http://hrdmugu.mugu.navy.mil/hrd> or at <http://imdaccessl.mugu.navy.mil/forms/> (form 12430\_02).

7. Please share the information in this notice with your Demo employees.

DON SHIBLEY

Distribution:

L5

Copy to:

Personnel Teams

## RATINGS, INCREMENTS, AND MONETARY REWARDS

1. The following chart summarizes the relationship between assessment, rating, and salary for Demonstration Project employees.

Assessment	Rating	Definition	Reward
Highly Successful (deserves an award)	1	Performance that is demonstrably exceptional and clearly deserving of recognition.	$c + 4i$ or $c + 3i$
	2	Quality performance that exceeds the fully successful standards.	$c + 2i$
Fully Successful	3	Performance that meets the expected results of the performance plan. Growth, progression, or achievement normal for NAWCWD.	$c + i$  $c$
	4	Below fully successful. Corrective action needed.	$c/2$
Less than Fully Successful	5	Substantially below fully successful. Serious performance deficiencies. Needs significant improvement for work to meet established standards.	0

2. The monetary reward for performance ratings of 1, 2, or 3 is in the form of a continuing salary increase only; i.e., increments (i). The "c" refers to the annual salary adjustment to the General Schedule. These salary increases, if they occur, are referred to as "comparability" increases. See enclosure (2) for cash payout procedures (b's).

## AWARDS, BONUSES, AND MIDPOINT REQUIREMENTS

1. Awards. In addition to incremental salary increases (i's), employees in the Demonstration Project are eligible to receive all appropriate honorary awards and the following types of monetary awards: Bonus, Invention, Special Act, and Suggestion Awards. See reference (b) for information on incentive awards.
2. Cash Bonus (b's). The Demonstration Project was designed to link pay increases to excellence of performance. It is not a system of automatic "pay increase for performance", but is designed to be a true "pay for performance" system. Employees who receive a 1, 2, or 3 rating can be awarded from 1 to 4 b's; different from i's, b's are not linked to an employee's performance rating. There are no specific requirements for awarding b's; rather, managers are expected to exercise sound judgment in each instance. B's equal in dollar value the value of an "i" and can be given when:
  - a. The employee would exceed the pay cap or top of the level because of their performance rating and the resulting i's. Although counted against the "i" pool in this example, an automatic "b" payout occurs if an "i" payout would exceed the top of the level.
  - b. Prudent salary management indicates that an employee is currently earning as much or more than is warranted for the level of work, but the employee's performance during the rating period deserves additional recognition.
  - c. Employees occupying positions of such nature that "growth" in the sense of expansion of the job is not possible, and the employee is judged to have currently a sufficient salary for the position but warrants recognition for the rating period.
  - d. Employees who have performed assigned duties well over the past year, but did not demonstrate professional or technical growth to the extent that continued performance at that level can be reasonably expected.
3. Midpoint Requirement. To cross the midpoint of Levels III or IV, an employee must receive a performance rating above Fully Successful (i.e., a 1 or 2 rating). The midpoint for all DA, DS, and DT-3 positions is established at increment 14. The midpoint for all DP-3 and DP-4 positions is established at increment 13. The midpoint requirement does not apply to anyone above these designated increments. There is no midpoint requirement for DG employees at any level.

## **PERFORMANCE RECONSIDERATION AND APPEALS**

### **RECONSIDERATION OF PERFORMANCE RATINGS FOR DEMONSTRATION PROJECT EMPLOYEES**

1. An employee who has been given a rating of "2," "3," "4," or "5" may request reconsideration of the rating.
2. The Human Resources Department (HRD) will notify employees in writing of their performance rating, payout and the due date for submission of requests for reconsideration. Notices will be sent out the week of 30 August 1999.
3. The request for reconsideration must be presented in writing to the third level supervisor with a copy to Betty Miller, Code 731000D and the Level 1 Competency Administrator no later than 15 September 1999. Requests for reconsideration received after 15 September 1999 will be returned to the employee as being untimely.
4. The request must include a copy of the performance plan and assessment and will provide sufficient detail to indicate why the employee feels a higher rating is warranted. The request shall indicate the rating desired. The request shall also include the employee's phone number, e mail address and the name, code, and phone number of the individuals the employee feels could be contacted for additional information regarding the employee's performance for the year. Please use the attached Request for Demo Reconsideration Cover Sheet and Check List. It provides a guide for the information and distribution needed.
5. The third level supervisor will review the request, the performance standards used, and the documented final rating. The third level supervisor can take only one of two actions: Grant the request of the employee or contact Betty Miller, Code 731000D and request that a recommending official outside the deciding official's immediate organization and chain of authority be appointed. The decision to grant the request must be submitted to Betty Miller, Code 731000D by 23 September 1999. Requests to appoint recommending officials must also be submitted to Betty Miller, Code 731000D by 23 September 1999. The request submitted by the third level supervisor to appoint a recommending official must include the names, phone numbers, and codes of the employee and the first and second level supervisors. Submission of complete request for reconsideration packages is the responsibility of both the employee and the third level supervisor. The third level supervisor also should notify the immediate and second level supervisors that the request has been made. Copies may be made available to them, as the third level supervisor deems appropriate.
6. The third level supervisor should submit the names of three possible recommending officials when they forward a request for "Rating Reconsideration" to 731000D. Where possible, Code 731000D will appoint one of the three recommended supervisors as the recommending official. . It has been a general practice of HRD to appoint a recommending official who: does not work in the immediate organization as the requester; is classified at a grade level at least the same level as the requester; and is familiar with the type of work that is performed by the requester. Code 731000D will appoint all recommending officials by 6 October 1999.
7. The recommending official is appointed by letter. Enclosures to the appointment letter will include the employee's request for reconsideration of performance rating (case file) and recommending official's guidelines for preparing a performance reconsideration report. A copy of the case file will be maintained in 731000D/E files.
8. With the assistance of HRD, the recommending official will review the case, meet with the employee and the first level supervisor, and perform whatever investigation is deemed necessary to learn the facts of the case. The recommending official will report back to the third level official in writing by 1 November 1999. This report will recommend a final decision on the rating. The recommending official will provide a copy of the recommendation to Betty Miller, Code 731000D by 1 November 1999.



9. Upon receipt of the recommending official's report, the third level official will issue a final decision in writing to the employee by 8 November 1999. A copy of the recommendation and the decision will be forwarded to Betty Miller, Code 73100D by 8 November 1999. Upon receipt of a final decision that changes a rating, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

10. "Rating Reconsideration" case files will be maintained by Code 731000D/E for a period of four years.

#### **RECONSIDERATION OF "4" OR "5" DEMO RATING CAUSING MIGRATION**

1. The employee who receives a "4" or "5" rating that results in "migration" to a lower classification level may request reconsideration no later than seven calendar days from the effective date of the SF-50 documenting the migration to the lower grade.

2. First, the employee must discuss the rating with the supervisor and reviewer to ensure that all parties understand the basis for the rating and the resulting action.

3. The employee must present the request for reconsideration in writing to the third level official. The request, along with a copy of the plan and assessment, must be in sufficient detail to fully inform the official of the reasons the employee feels the rating is unwarranted. The request also should state the rating desired. The request must be made within seven calendar days of the discussion with the first and second level supervisors.

4. The third level official will review the case and either grant the requested rating or notify Betty Miller, Code 731000D that the action should be reviewed by an ad hoc review board.

5. Code 731000D will contact the employee, the supervisor, and the Office of the Commander to form the board. The ad hoc review board will consist of three individuals, one selected by the employee, one by the supervisor, and one by the Commander.

6. The review board will review the case and perform any investigation it considers necessary.

7. The ad hoc review board will forward the case with its written recommendations to the Commander. The recommendations must be submitted within 14 calendar days from the date of the board's appointment.

8. The Commander will review the case file and the board's recommendations and issue a final decision in writing to the employee within seven calendar days of receipt of the case. A copy of this decision will be forwarded to Betty Miller, Code 731000D. Upon receipt of a final decision that changes a rating, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

#### **RECONSIDERATION OF A DEMONSTRATION PROJECT PAYOUT FOR A "1" OR "3" RATING**

1. An employee who has received a "1" rating with a "C + 3i" payout or a "3" rating with a "C" only payout may request reconsideration.

2. The request must be presented in writing to the third level supervisor with a copy to Betty Miller, Code 731000D and the Level 1 Competency Administrator no later than 15 September 1999. Requests for reconsideration received after 15 September 1999 will be returned to the employee as being untimely unless.

3. The request should provide, along with copies of the plan and assessment, sufficient detail to indicate why the employee feels the higher payout is warranted. Please use the attached Request for Demo Reconsideration Cover Sheet and Check List. It provides a guide for the information and distribution needed.

4. The third level supervisor will review the submission along with any other material considered relevant. The third-level supervisor may select a recommending official or fact finder if one is desired. The first- and second-level supervisors also should be notified of the request.
5. The third level supervisor will make a final decision in writing by 8 November 1999. A copy of the decision will be forwarded to Betty Miller, Code 731000D by 8 November 1999. Upon receipt of a final decision that changes a rating, Code 731000D will ensure that any necessary Standard Form 50s are processed with corresponding changes made in the database.

#### **DISAGREEMENT WITH IDENTIFIED EXPECTED RESULTS**

1. If the employee does not agree with the tasks, functions, or identified expected results at the beginning of the performance evaluation cycle or in any amendment to the performance plan, no appeal or grievance procedures will be available as long as these responsibilities and expected results properly reflect the duties assigned in the PAC.
2. However, while the employee has no outside complaint routes available, actions should be taken to ensure that disagreement is documented.
  - a. The employee should attach a statement of the disagreement to the performance plan at the beginning of the rating period or at the time an amendment is made, as appropriate.
  - b. As each progress review occurs, the employee should review the areas of disagreement and, if they still exist, re-document these disagreements in writing.
  - c. At the end of the performance rating period, if the areas of disagreement are a cause of a rating of less than a "1" that the employee disputes, the documentation of disagreement should be included in the request for reconsideration.
3. The employee must also give copies of any disagreement documentation to his or her supervisor at the time the disagreement is added to the performance plan.
4. Disagreement over the assigned task does not relieve the employee of the requirement to perform the duties as expected. Failure to perform assigned duties may result in adverse actions for the employee involved.

#### **FORMAL ACTIONS FOR UNACCEPTABLE PERFORMANCE**

1. Formal actions for unacceptable performance will be processed in accordance with FPM Chapter 432 procedures as described in NAWCWPNS instructions.
2. Appeal rights will be to the Merit Systems Protection Board (MSPB).

# REQUEST FOR DEMO RECONSIDERATION COVER SHEET AND CHECK LIST

Employee Name \_\_\_\_\_ Code \_\_\_\_\_ Phone \_\_\_\_\_

E-mail \_\_\_\_\_ FAX# \_\_\_\_\_

Employee Signature \_\_\_\_\_ Date request submitted \_\_\_\_\_

Rating/Payout Received	Rating/Payout Requested
1   2   3   4   5   (circle one) Number of I's _____  Bonus received   Yes   No Number of B's _____	1   2   3   4   5   (circle one) Number of I's _____

☐ Performance Plan

☐ Performance Assessment/Appraisal

☐ 1<sup>st</sup> level Supervisor

Name \_\_\_\_\_

Code \_\_\_\_\_

Phone \_\_\_\_\_

☐ 2<sup>nd</sup> Level Supervisor

Name \_\_\_\_\_

Code \_\_\_\_\_

Phone \_\_\_\_\_

☐ Supporting Documentation

This section should contain sufficient detail to indicate why you believe a higher rating is due.

☐ Names, phone numbers of task managers/key customers

Rating Table

Assessment	Rating	Reward
Highly Successful	1	c + 4i
		c + 3i
Highly Successful	2	c + 2i
Fully Successful	3	c + i
		c
Less than Fully	4	c/2
Successful	5	0

**Note: Request must be received by 15 September 1999**

Distribution:

Original: 3<sup>rd</sup> level Supervisor

For HRD use only

Date Received \_\_\_\_\_

PMA \_\_\_\_\_

Final Decision \_\_\_\_\_ Date \_\_\_\_\_

☐ Rating reconsideration

☐ Payout reconsideration

Copy 1: HRD Code 731000D Attn: Betty Miller

Copy 2: Level 1 Administrator for your assigned competency

2.0 Helen Cropper, Code 2D0000D

3.0 Marilyn Bangle, Code 3C0000E

4.0 LeAnn Riddoch, Code 4D0000D

5.0 Sally Lemons, Code 5D0000E

7.0 Nick Curran, Code 7D0000D

8.0 Margie Hannon, Code 8D0000D

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Date Received \_\_\_\_\_

PMA \_\_\_\_\_

Final Decision \_\_\_\_\_ Date \_\_\_\_\_

☐ Rating reconsideration

☐ Payout reconsideration